Intec Ltd

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Superior and Sustainable Metals Production

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Companies Announcements Office
Australian Securities Exchange

25 July 2011

Quarterly Activities Report: Appendix 4C June 2011

On behalf of Intec Ltd (ASX code: INL, or the Company), I now attach the June 2011 Quarterly Report for Entities Admitted on the Basis of Commitments (Appendix 4C).

Highlights

- *Following completion of Stage 2 trials for the spent pickle liquor recycling project in April 2011, the remainder of the reporting and analysis programme was initiated immediately.*
- *Intec is presenting a case study and technical paper on the SPL Recycling Project to a conference on 29 July 2011. This presentation and paper will outline outcomes from the Stage 2 trials, indicative economics from the internal model, and indications of the potential effect of the Federal Government's proposed new 'Carbon Tax'*
- *In a new collaboration agreement for the application of the Intec Process to waste recycling internationally, Intec has signed a Memorandum of Understanding with an international specialist in the commercialisation of new technologies, EBOO Development.*
- *Intec is investigating the possibility of using the Intec Process to recover rare earth elements, particularly from industrial waste feedstocks. The outcomes are at this stage uncertain.*
- *Production and shipping of zinc-bearing concentrate from Intec's stockpiles of Zeehan residue and Tasmanian EAF dust is almost complete. Preparations for the production of concentrate using the Victorian EAF dust stockpile are underway.*
- *Following a site visit in relation to the zinc/lead project in the Middle East, Intec has signed a non-binding Letter of Intent and submitted an associated testwork and engineering proposal for he project implementation.*
- *The AngloGold Ashanti gold concentrate test programme was completed, with comparable outcomes to conventional processes for this challenging ore.*
- *The Intec Gold Process has also been the subject of considerable enquiry during the June Quarter. An independent verification programme of the Intec Gold Process will be conducted with the assistance of Intec technical personnel during the September 2011 quarter.*
- *Intec's strategic review has been completed, based upon which a dynamic strategy was established for the remainder of the 2011-2012 financial year.*
- *Intec anticipates receipt from Bass Metals of the first meaningful royalty payment (for the June 2011 quarter) during the current quarter, as a result of processing operations at the Hellyer Mill.*
- *The Company's total cash available at the end of the quarter was $2,557,000.*

Operations Update

Burnie Research Facility

Throughout 2010 & 2011, INL has progressed its developing technology application of the Intec Process for the zero-waste recycling of the worldwide galvanizing industry's spent pickle liquor (SPL), which contains zinc, iron, and hydrochloric acid.

Adam Randall (Burnie Plant Manager) and Andrew Tong (Head of Technology), centre, delivering ingots of zinc from the Phase 2 operations to Frank & Vince Gucciardo (Directors), left and right, at GBG's Dandenong galvanizing facility.

The Phase 2 Burnie demonstration plant operations were completed in April 2011, with the remainder of the Phase 2 programme then initiated immediately. This included:

- preparation and delivery of product and by-product samples,
- external analysis of in-process, product and by-product samples,
- collection and analysis of stored operating data from the process control system,
- mass and energy balances for the selected 'steady state' period,
- preparation and submission of the internal operations report to GB Galvanizing and EPA Victoria,
- updated economic modelling for the Phase 3 commercial plant, and
- life cycle analysis.

While much of the information from the detailed internal report between the project participants (Intec, GBG and EPA Victoria) is commercial-in-confidence, Intec is scheduled to present a case study paper on the SPL recycling project on 29 July 2011 at the Industrial Ecology 2011 conference in the Hunter Valley, NSW. This presentation, together with the associated technical paper, will outline outcomes from the Stage 2 trials, indicative economics from the internal model, and indications of the potential effect of the Federal Government's proposed new 'Carbon Tax'.

The presentation and paper will be published on 29 July, while the video of the presentation will be made available on Intec's web site (www.intec.com.au/public_panel/video_gallery.php) over the following days.

Following submission of the internal operations report, it is expected that GBG and EPA Victoria will take several weeks to consider results, with a further period of weeks associated with GBG's internal corporate and project financing decision processes. Commencement of the Phase 3 commercial project implementation is therefore expected during the December 2011 quarter.

Intec Joins Galvanizing Association of Australia

In a related development, Intec was unanimously accepted to the Galvanizers Association of Australia (GAA, www.gaa.com.au), the key industry association whose members include every major batch hot-dip galvanizing operation in Australia (including GBG). Intec's associate membership recognises the company's new status as a service provider to the galvanizing industry.

Intec looks forward to working more closely with the GAA's members over coming years, and more immediately to networking with those members attending the association's annual meeting in October, at which Intec expects to offer a presentation on the Intec SPL Recycling Process.

International Waste Technology Marketing

Intec's developing recycling technology for spent pickle liquor is one of several waste recycling technologies in Intec's portfolio of commercial and prospective applications of the Intec Process which are now being supported for international project application by Intec's newest collaboration agreement.

Jean-Louis Cabiron and Thierry Oudart (EBOO, centre) with Dave Sammut and Philip Wood (Intec, left and right) outside EBOO's office on the Champs Elysées, Paris

Intec has signed a Memorandum of Understanding with an international specialist in the commercialisation of new technologies, EBOO Development (EBOO, www.eboo-dev.com). A Paris-based international network of offices and affiliates, EBOO "is a transfer of technology consultancy firm... One of its fields of action is to accelerate manufacturer's developments from R&D to marketplace by finding them industrial partners and market applications quicker thanks to [its] conclusive demonstrated proprietary know-how and methodologies."

"Waste recycling (WEEE, hazardous, toxic, liquid, solid or gas): EBOO missions aim to accelerate the process of recycling waste products (whether private or industrial) so that they become second-generation raw materials. These missions address regulatory, legal and safety constraints, as well as technical aspects of the challenge."

Under the agreement with Intec, EBOO is actively investigating and pursuing opportunities to apply Intec's technologies in Europe, North America, East Asia and elsewhere. Following a meeting at EBOO's offices in June 2011, Intec and EBOO have agreed a strategy for project investigation over coming months which is expected to yield testwork programme revenues during the first half of 2012. The outcomes of this work will be discussed in greater detail as this becomes appropriate.

Rare Earth Metal Testwork

During the course of 2010 and 2011, there has been a strong international shift of attention to the strategic supply of rare earth metals, particularly in the Western world. Intec has received multiple enquiries in relation to the possible application of the Intec Process to the recovery of various rare earth elements from both mineral and industrial feedstocks.

Importantly, this is an application that had never previously been tested by Intec. Therefore, while Intec considers rare earth chemistry to be an interesting and prospective new application of the Intec Process, the company's experience in this area is at best rudimentary, and the outcomes of any associated testwork are uncertain. It is possible that the Intec Process may not be applicable to the recovery of rare earth metals, just as it is not applicable to the recovery of specialty metals such as vanadium.

During the course of the first half of 2011, as example, Intec was engaged by a mining company on a fee-for-service basis to examine the possibility of recovering rare earth elements from an apatite and monazite mineral concentrate. It was found that while the target rare earth elements were readily extracted into solution from the apatite portion of the concentrate, the phosphate that was also co-liberated caused a significant portion of the target metals to re-precipitate as insoluble phosphate compounds. Both these precipitates and the original monazite proved resistant to Intec Process leaching under the conditions trialled.

Some further ideas to overcome this precipitation problem have subsequently been conceived, but at this stage the use of the Intec Process for the recovery of rare earth metals from phosphate-bearing mineral concentrates is still uncertain.

By contrast, preliminary testwork on a *neodymium* (Nd) and *dysprosium* (Dy) rare earth-bearing waste feedstock identified by EBOO has so far been notably more successful. Rare earth-bearing industrial waste feedstocks have the advantage that, having originated from processed pure materials, they are free of the radioactive thorium and uranium contaminants that are problematic for rare earth mineral concentrates.

Testwork to date suggests that the target elements might be selectively extracted from the feedstock to leave a benign solid residue. The initial quantity of waste available is similar to the small but nonetheless commercial capacity of Intec's research facility at Burnie, with larger quantities of waste available should extra plant capacity be made available, and Intec is therefore examining the possibility of a minor capital investment to convert a portion of the Burnie plant for this new field of recycling. In doing so, Intec notes that there are a range of known or potential technical, economic and commercial hurdles that may impede or prevent this concept from being implemented.

Dissolved rare earth neodymium and dysprosium elements (from industrial waste leaching & purification) in Intec Process electrolyte during recent laboratory testing.

Intec emphasises that the outcomes are at this stage uncertain. However, the Company believes that this new application is sufficiently prospective as to warrant the limited application of resources and minor expenditure to further investigation. The outcomes of this work will be discussed in greater detail as this becomes appropriate.

Low-Grade Zinc Mining Project

As introduced in the December 2010 Quarterly Report, Intec is currently recovering a portion of the stockpile of zinc-bearing feedstock at Zeehan, which is then being crushed and blended with electric arc furnace (EAF) dust from Intec's Tasmanian stockpile, to create a specified zinc-bearing product for export.

Brian Banister (Chief Operating Officer) at the Tasmanian production site

As with a similar blended product successfully produced during mid-2008 at Intec's Hellyer operations, the current blended product has been approved for export as a mineral product by the Federal Department of Environment, Water, Health and the Arts.

The final shipment of product generated from the Tasmanian EAF dust stockpile is scheduled for early August. All remaining EAF dust will be removed from the Hellyer site over coming days, with final demobilisation from the site to be initiated forthwith.

Recovering the EAF dust stockpile at Hellyer

Inclusive of the expected release of the Tasmanian environmental bond for the stockpile of EAF dust at Hellyer, and subject to the final settlement on delivery of the product shipments into China, the net operating profit from the first phase of zinc product sales (product generated using the Hellyer EAF dust) is estimated to be mildly positive, in the order of $250,000. This is in line with Intec's previous statement that "The blended product is of a comparatively low grade and thus the contracted sales terms and cash revenues are expected to be commensurately limited".

Recovering the zinc mineral stockpile at Zeehan

Following the final Tasmanian shipment early next month, the recovery and preparation of the Zeehan zinc feedstock will continue at full capacity in anticipation of the next product shipment. Contracts for the second phase of operations at Intec's Footscray (Melbourne) EAF dust stockpile are pending, and site mobilisation is expected to commence in August 2011. Subject to continued acceptable market conditions, the operations at Footscray and

Zeehan are then expected to continue throughout the remainder of the 2011-2012 financial year, with shipment schedules to be arranged on the basis of continuing to achieve nominated production rates.

Middle Eastern Project

Following the submission of the Conceptual Study for the Middle Eastern zinc/lead project in February 2011, Philip Wood (Managing Director & CEO), Dave Sammut (Corporate Development Manager), Mr Reza Maghzian (Director, Intec International Projects Pty Ltd) and Mr Andrew Sweeney (GHD Australia, Intec's selected international sub-contractor for the basic project engineering) visited the project site at the end of May 2011.

Representatives of Intec, project sub-contractors and the project client during the May site tour

The site visit achieved several key outcomes. Intec and GHD were able to observe directly the specific opportunities and issues on the designated project site. The local testwork and engineering sub-contractor was identified, its associated laboratory and demonstration plant facilities were inspected, and key management personnel were interviewed. The facilities were found to be both appropriate and useful for the project, while the personnel were experienced and knowledgeable, with excellent prospects for a smooth working relationship during the implementation of the proposed project.

The visit concluded with the signing of a Letter of Intent in relation to the project, under the terms of which Intec's 50/50 joint venture subsidiary, Intec International Projects Pty Ltd, has now submitted a proposal for the testwork and engineering programme for the implementation of the first stage of the zinc/lead project. Further details will be published as this becomes appropriate.

Chinese Projects

Following the expiry of the Subscription Agreement between Intec and Green Resources at the end of 2010, Intec retains its minority shareholding in Green Resources, but is passive operationally. Without specific expectations of Green Resources progressing Intec-related projects, the Intec Board will review the financial year-end net book value of this investment.

There is no doubt that the size of the Chinese market, combined with certain internal advantages (such as the mandated proximity of private businesses within a specialised industry sector through Chinese Government regulation, the low labour costs, and the proximity to end-user markets for recycled products), make the Chinese waste recycling market an attractive long-term opportunity for Intec's waste recycling technologies. However, Intec considers that this market is best addressed via a strong partnership based on aligned interests.

With the participation of Intec's Mandarin-speaking office manager, May Campion, a range of marketing materials oriented to the Chinese market (including Intec's Chinese-language web site) are currently under development or re-development, with a view to regenerating Intec's Chinese strategies during 2012.

Other International Projects

The final report on the AngloGold Ashanti gold concentrate testwork was submitted during the June 2011 Quarter. As expected, the report noted the challenging aspects of the testwork sample, most notably the effect of the presence of significant quantities of 'pre-robbing' carbon in the feedstock, which has the ability to 'rob' the lixiviant of dissolved gold.

Based on the testwork, a process flowsheet was proposed to achieve >85% gold recovery from the concentrate, and engineering and cost estimates were prepared for a hypothetical plant treating 250,000tpa of concentrate at Australian prices (including labour and utilities). The report estimated that an operating cost of <A$170/oz gold recovered, which compares favourably to the current metal price of over A$1,500/oz.

Other advantages to the Intec Process in this application included:

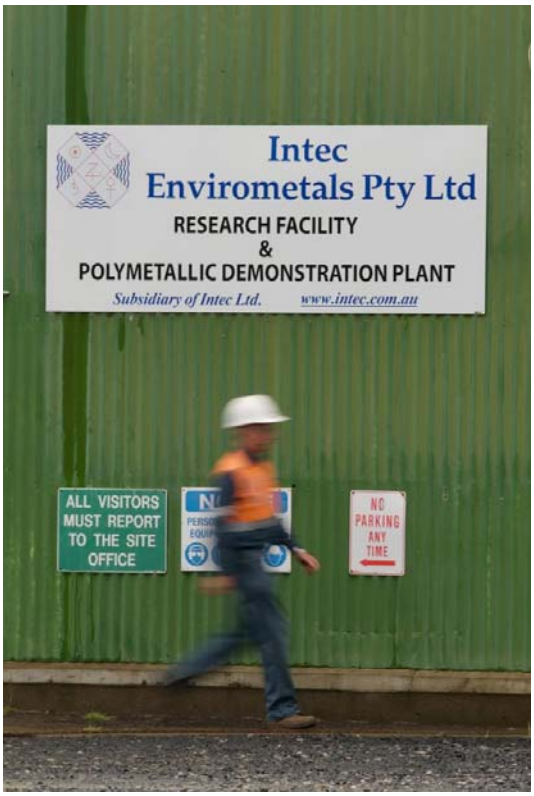
- Complete sulphide oxidation within 6 hours at steady leach conditions.
- Key reagent consumption is limited to oxygen (generated onsite), sulphuric acid, limestone, and water.
- Control of arsenic, with <1% of the arsenic extracted into the leach solution, as it was re-precipitated as stabile ferric arsenate at a pH of ~0.5 (i.e. arsenic in the leach residue will be stable in most naturally occurring acidic environments).
- No liquid effluents from the processing plant.
- Water vapour and carbon dioxide as the only airborne emissions.

The key limitations to implementing the Intec Gold Process in this application were:

- Preg-robbing of gold from the leach solution by the carbon in the feed material.
- Power requirements of 10 MWh to maintain circuit temperatures in a power constrained site.

In overcoming the preg-robbing limitation for this concentrate, two suggestions were put forward for further testwork on a fee-for-service basis. Until further notice, however, the work programme for AngloGold Ashanti is now considered complete.

It is considered that the Intec Gold Process 'holds its own' in relation to alternative processing methods for this particular concentrate, both technically and economically, notwithstanding the deleterious effects of the pre-robbing components of the feedstock. Having said this, the advantages of the Intec Gold Process will be more marked for alternative concentrates that contain lesser or negligible quantities of preg-robbing carbon contaminant.



Moreover, the Intec Gold Process has received considerable attention during the June 2011 Quarter, from both domestic and international sources. Much of this attention has focussed on the advantages of the Intec Process for the processing of arsenic-bearing gold feedstocks, which are unsuitable to conventional roasting or smelting processes due to the extremely hazardous nature of airborne arsenic in pyrometallurgy. By contrast, the arsenic in feedstocks to the Intec Process is converted directly to solid iron arsenate, which is an environmentally stable residue that is suitable for disposal.

Following a visit to a potential international collaborative partner in June 2011, it is now anticipated that an independent verification programme of the Intec Gold Process will be conducted with the assistance of Intec technical personnel during the September 2011 quarter. The trials will be conducted at a highly-reputable third-party laboratory in North America.

Polymetallic Testwork

Intec continued to progress some work on the application of the Intec Process for the selective extraction of lead from polymetallic mineral feedstocks, including both the Browns Sulphide Project and some paid testwork for another Australian client with metallurgically-similar challenges. It is expected that this work will be ongoing over coming months, generating small testwork revenues while refining Intec's technology in this field of application.

Corporate Update

Strategic Review

As described in previous announcements, Intec's Board and senior management commenced a full review of the operations and strategies of the Group in early 2011, with the external assistance of the AFG Venture Group.

Following an initial review in March 2011, the Board decided to collect further data, which was then reported and considered at the June 2011 Board meeting, based upon which a dynamic strategy was established for the remainder of the 2011-2012 financial year.

Among the outcomes of the review of strategies, the Company has decided to narrow its focus for the short- to medium-term, concentrating the Company's technical and financial resources on a core set of opportunities that are intended to deliver key immediate economic outcomes and a solid platform for growth. The five key areas for the remainder of the financial year are:

- Continuation of the operating low-grade zinc mining project.

- Implementation of the SPL Recycling project, with pipeline development of subsequent SPL recycling projects at the appropriate juncture.
- Investigation and the decision concerning the Burnie rare earth recycling opportunity.
- Pursuit of the Middle Eastern zinc/lead project implementation contract, and if successful, the delivery on the resulting engineering contract.
- Pursuit of opportunities for the Intec Gold Process via pipeline development and paid testwork, particularly for arsenic-bearing gold feedstocks.

The Board's strategy will of course remain flexible, inclusive of considering corporate opportunities, and will be adjusted based on both near-term outcomes, market conditions and forward expectations.

Hellyer Royalty

In regard to the $5 million capped royalty payable by Bass Metals Ltd to Intec at the rate of $2.50 per tonne processed through the Hellyer Mill (after the first 100,000 tonnes 'trial throughput'), Intec anticipates receipt of the first meaningful royalty payment (for the June 2011 quarter) during the current quarter.

Bass has also made several recent announcements about its mining operations at Hellyer, and about corporate financing activity, which can be viewed on the Bass Metals web site: www.bassmetals.com.au.

Finance

The Directors consider that the Company's available cash, receivables and other liquid current assets are sufficient for its immediate working capital requirements.

Yours faithfully
Intec Ltd

Philip R Wood
Managing Director and Chief Executive Officer

Rule 4.7B

Appendix 4C
Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Intec Ltd

ABN	Quarter ended ("current quarter")
25 001 150 849	**30 June 2011**

Consolidated statement of cash flows

Cash flows related to operating activities	**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.1 Receipts from product sales and related debtors	435	6,108
1.2 Payments for		
(a) advertising and marketing	(5)	(13)
(b) zinc bearing concentrate cost of sales	(400)	(650)
(c) hydrometallurgical process development	(405)	(2,102)
(d) administration costs and corporate overheads	(642)	(2,512)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	137	295
1.5 Interest and other costs of finance paid	-	(37)
1.6 Income tax offset received	407	407
1.7 Other income	6	14
Net Operating Cash Flows	(467)	1,510
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	(4)	(92)
(e) other non current assets	-	(2)
1.10 Proceeds from disposal of:	-	-
(a) businesses	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non current assets	-	-
(e) other non current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other: Security Deposit Paid	-	(45)
Other: Refund of Environmental Bond in part	-	95
Net investing cash flows	(4)	(44)
1.14 **Total operating and investing cash flows**	(471)	1,466

		Current quarter $A'000	Year to date (12 months) $A'000
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	1,484
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	279
1.18	Repayment of borrowings	-	(819)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)		
	Share Issue Costs	-	(45)
	Net financing cash flows	-	899
	Net increase (decrease) in cash held	(471)	2,365
1.21	Cash at beginning of quarter/year	3,028	192
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter/year**	**2,557**	**2,557**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

1.24	Aggregate amount of payments to the parties included in item 1.2	50
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil

Financing facilities available
Add notes as necessary for an understanding of the position.

	Amount available $A'000	Amount used $A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	Nil	Nil

Reconciliation of cash

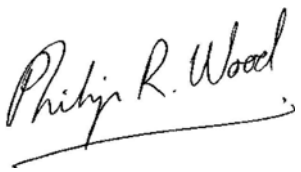
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
4.1 Cash on hand and at bank	47	17
4.2 Deposits at call	2,510	3,011
4.3 Bank overdraft	-	-
4.4 Other - 30 day bank bills	-	-
Total: cash at end of quarter (item 1.23)	**2,557**	**3,028**

Acquisitions and disposals of business entities	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does/~~does not~~ give a true and fair view of the matters disclosed.



Sign here: Date: 25/7/2011
(Director/~~Company Secretary~~)

Print name: Philip R. Wood

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.